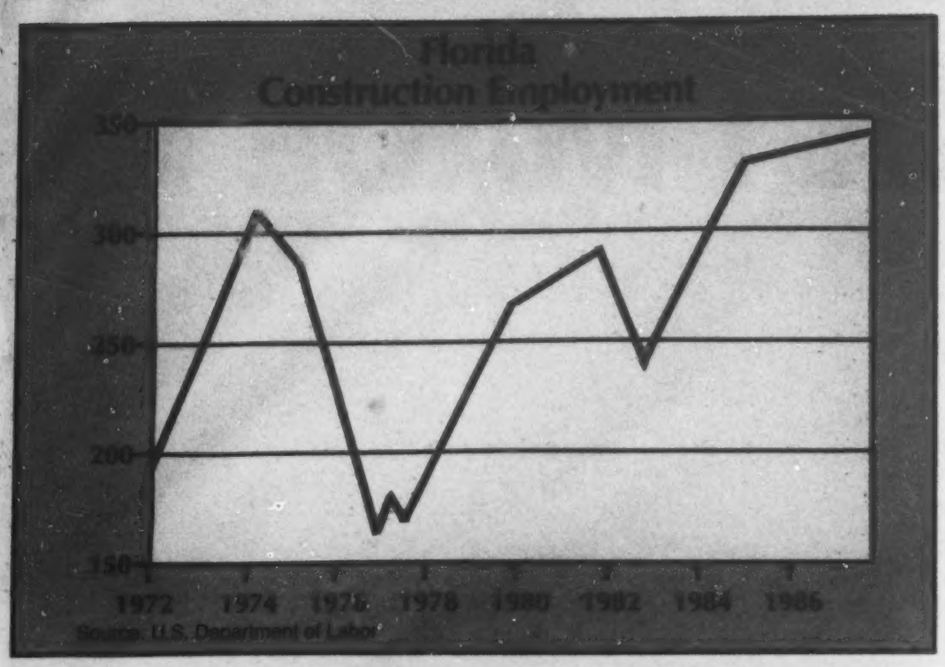
BUSINESS WATCH



Housing starts, resales boom in Fla.; sales to increase 14%

(Continued from page 18)

rates for only Nevada and Alaska which have populations below one million;

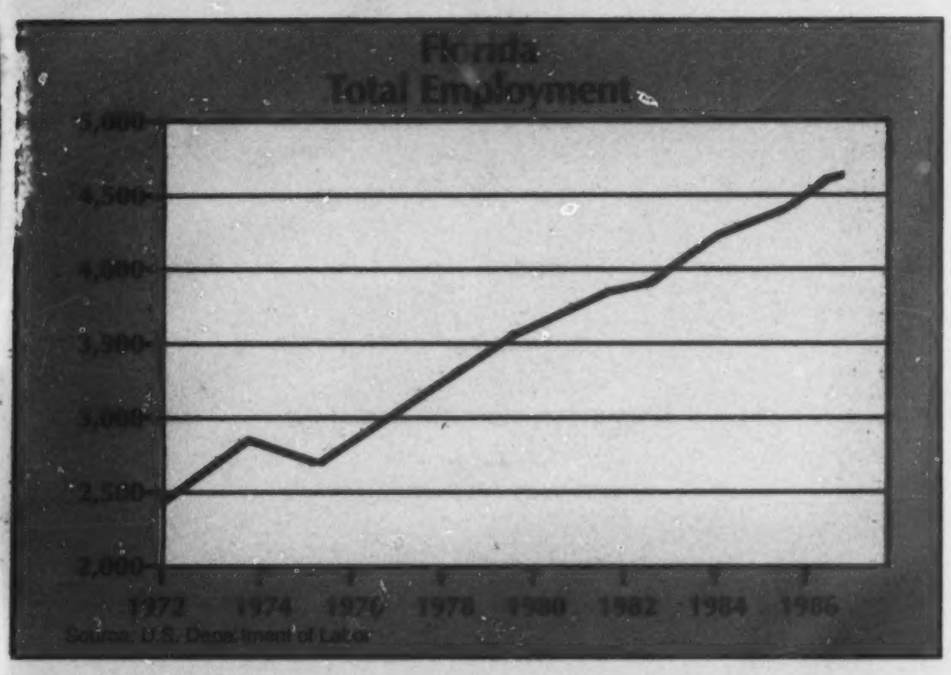
- Defense spending soared in the state for high-technology, military concerns about the Caribbean area, and the space program that was strong until recently. The delay in the shuttle program slowed the Tampa economy in 1986, but it will begin to accelerate in 1987;
- Tourism provides rapid growth to a noncyclical industry, pushing employment and construction activity higher in Orlando and similar cities;
- High tech, outside of defense, remains strong for software, hardware and services. High-tech manufacturing employment was up almost 5% last year in spite of the slowdown in the national computer industry. Central Florida, from Tampa through Orlando and into Daytona enjoy this surge;
- Retirees moving to Florida bring their savings with them, keeping local financial institutions flush with cash. In the past, retirees moved to southern Florida. But in recent years they prefer the northern half where the coastline is not as developed, land is cheaper and cities less congested; and
- Latin America is the major factor for south Florida. While Latin America is currently weak and harms employment and construction in Miami, in the long term it will contribute to growth.

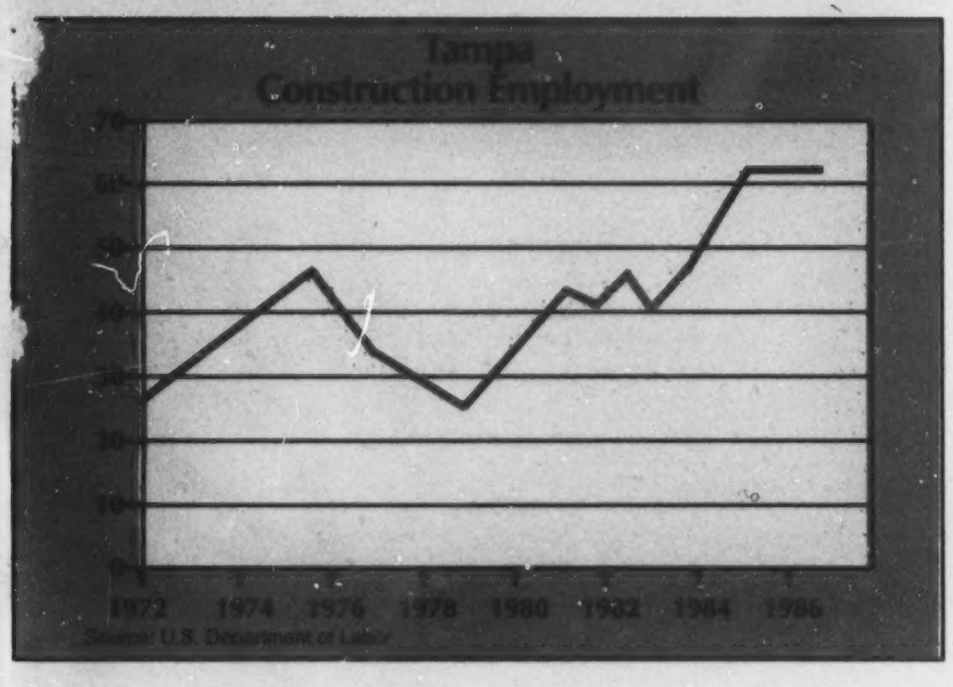
The major problem for the Florida economy is agriculture. During 1984 and 1985 almost 20% of the citrus trees were destroyed by weather. Domestic orange prices are under pressure from Brazilian imports. Lumber is losing share to Canadian producers. Sugar cane is competing more with Caribbean growers. The beef industry finds itself with lower per capita consumption.

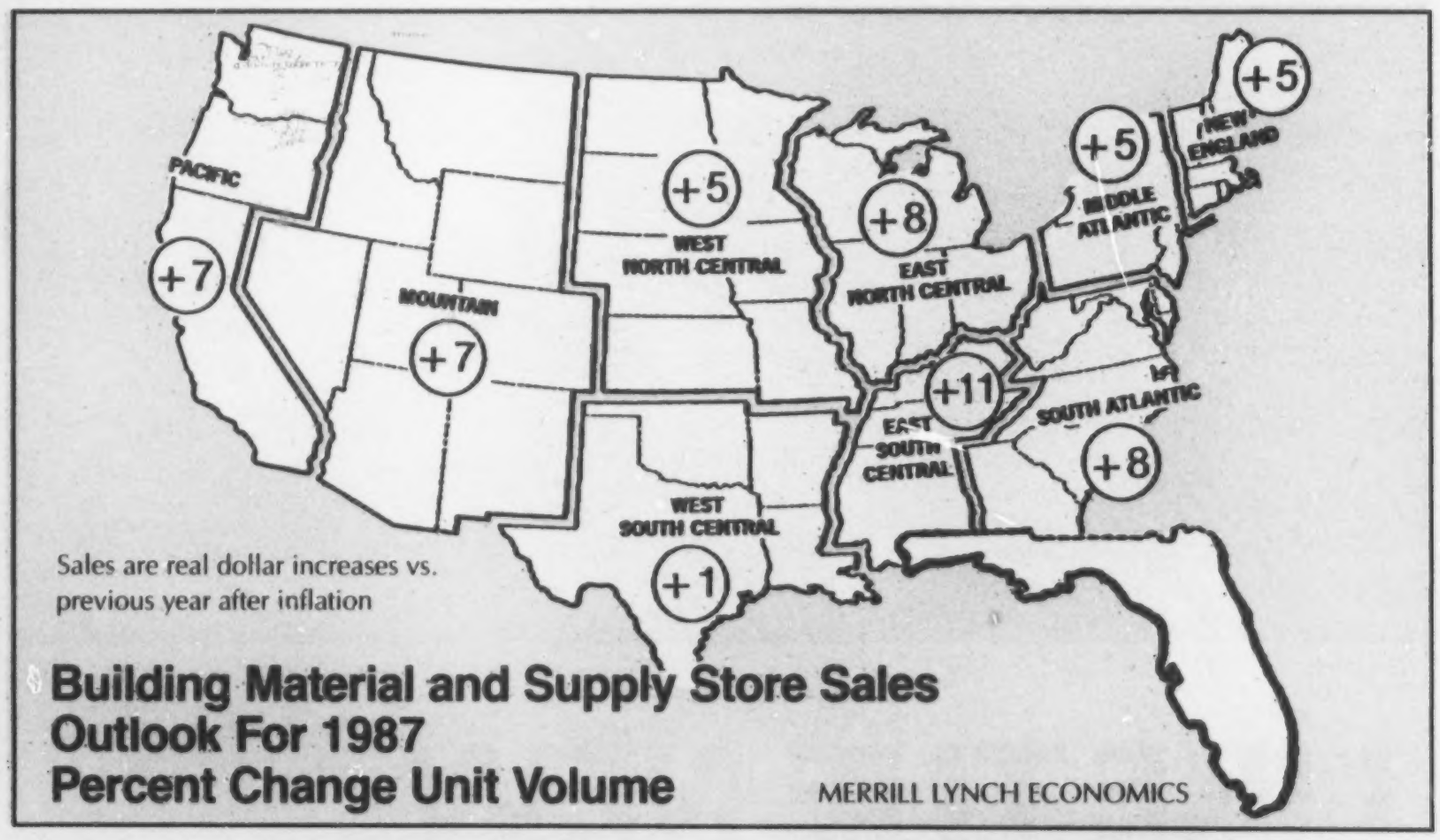
Building material sales/1987

State building material sales should be about 14% this year, down from 19% in 1986, but still above the national average. The construction industry in Florida will slow, but primarily in the areas of apartments, hotels and offices—not major markets for building material retail sales.

Resales, the major market for building material sales, were up 29% in the third quarter of 1986, and we estimate the fourth quarter gain to be at least 10%. The increase in resales will boost demand for building materials higher in the first half of 1987. Resales in Florida could slacken in the first half of 1987 from the rapid growth in late 1986, causing building material sales gains to flatten in the second half.







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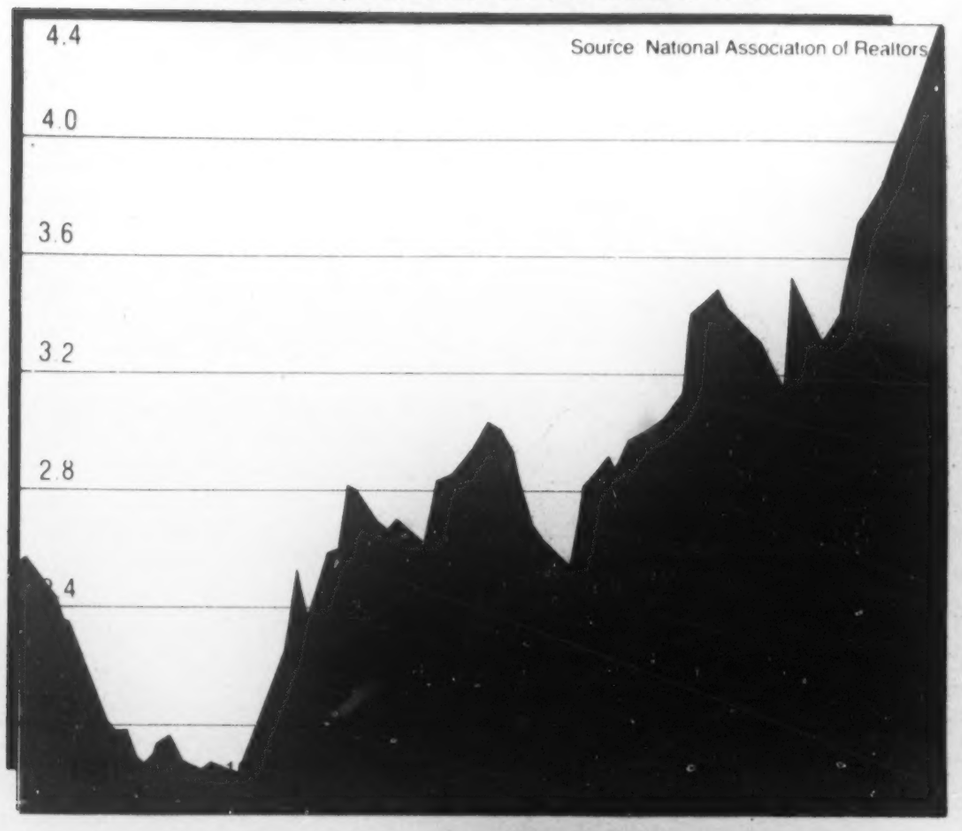
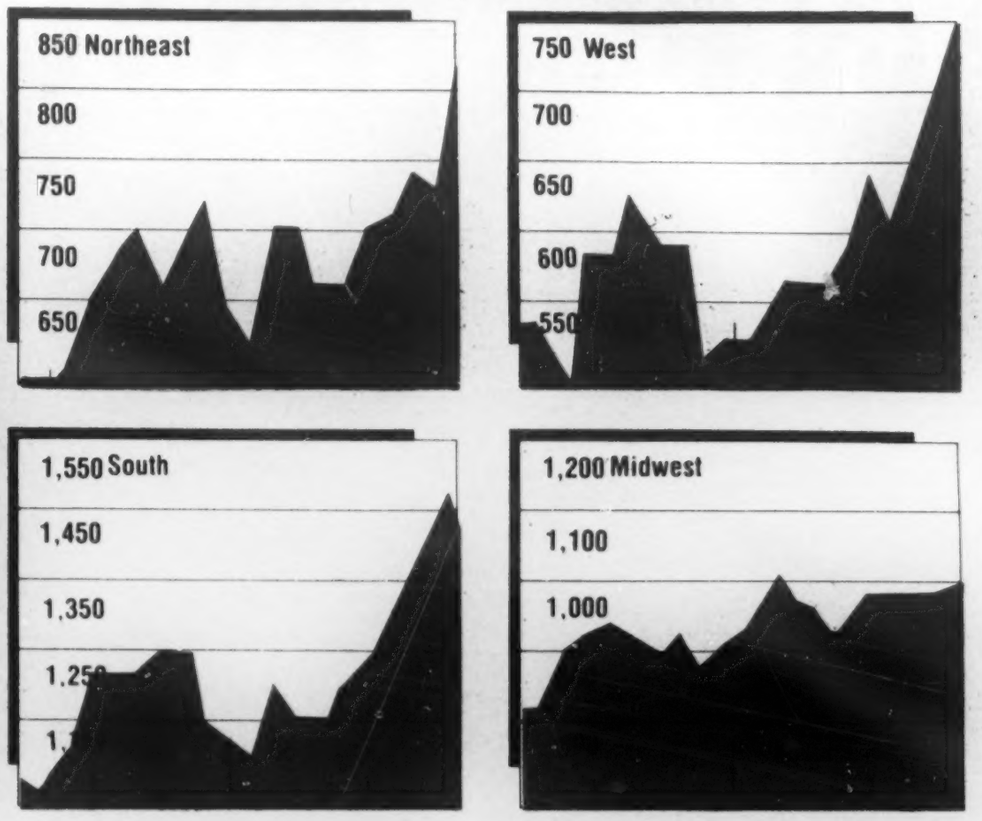
HOUSING WATCH

National existing single-family home sales
Seasonally adjusted annual rate (in millions of units)



Regional existing single-family home sales
Seasonally adjusted annual rate (in thousands of units)



Dec. resales make 1986 record year

(Continued from page 6)

"Clearly, lower interest rates are making housing one of the few bright spots of an otherwise lackluster economy," said William M. Moore, NAR's president.

The actual number of sales during December was 268,000 units compared to 266,000 units in November, an increase of less than one percent.

Home prices for the year rose 6.3%, to a median $80,300 from $75,500 the year before, the NAR reported. The Northeast recorded the largest yearly home price increase, up 18.2%, to a median $105,100. Prices rose 7.9% in the Midwest to $63,600 last year; 5.3% in the West to a median $100,500; and up 4% in the South to a median $78,200.

Home sales increased in all four regions in 1986, led by a 14.4% gain in the Midwest, to 991,000 units. The Northeast was next with a year-to-year gain of 13% to 703,000 units, followed by an 11.3% increase in the West to 610,000 units. The sales pace in the South rose 7.7% last year to 1.262 million units, the NAR reported.

Median Sale Price
(in thousands of dollars)

	Dec.[p]	Nov.[r]	Oct.	Sept.
U.S.	$ 80.6	$ 80.4	$ 79.4	$ 79.4
Northeast	120.4	106.4	106.0	98.7
South	75.4	76.3	75.9	77.8
Midwest	62.9	63.5	61.1	62.8
West	100.6	102.4	101.7	100.9

[p]-preliminary [r]-revised
Source: National Association of Realtors

The sale of existing single-family homes increased in three of four regions in December, led by the Northeast. This region posted a 12.5% increase in sales to a record 810,000 units, seasonally adjusted, 15.7% ahead of its December 1985 pace. Home prices jumped 13.5% during this monthly period, to a median $120,800, 28.9% above the December 1985 median of $93,700.

The sales pace declined by 1.3% in the South in December, to 1.47 million units, seasonally adjusted, 15.7% above its December 1985 pace. Home prices were a median $75,400 in December compared to $76,300 in November and $74,100 in December 1985.

Sales activity in the West in December rose 11.3% to 790,000 units, seasonally adjusted, 31.7% ahead of the 600,000 units recorded the December before. The median home price for the month was $100,600, down $1,800 from November, but $6,100 more than in December 1985.

The Midwest posted a 10% increase in activity in December, to 1.1 million units, seasonally adjusted, 15.8% above its December 1985 pace. Home prices were a median $62,900 in December, down $600 from the month before, but 7.3% above the cost of a median-priced home in December 1985.

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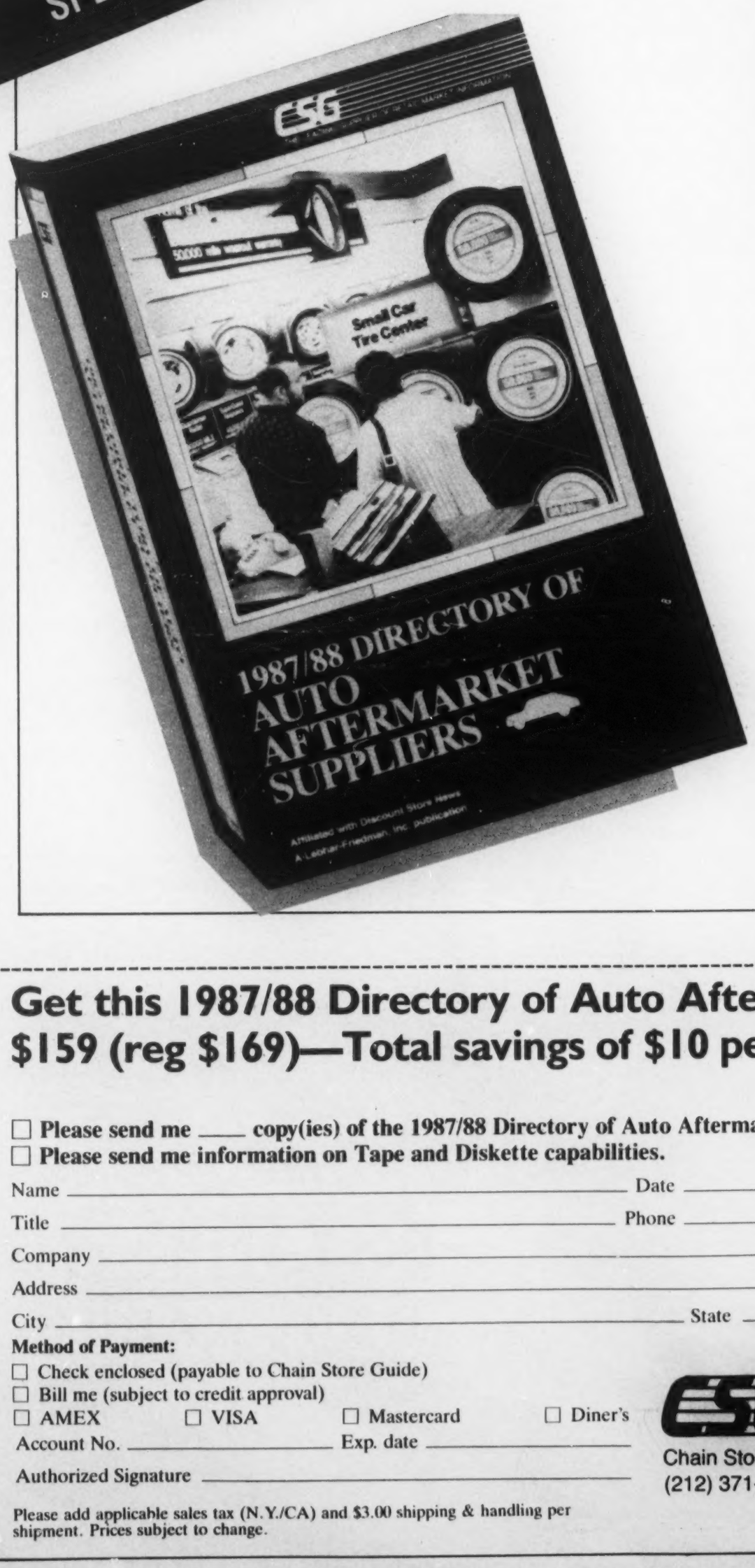
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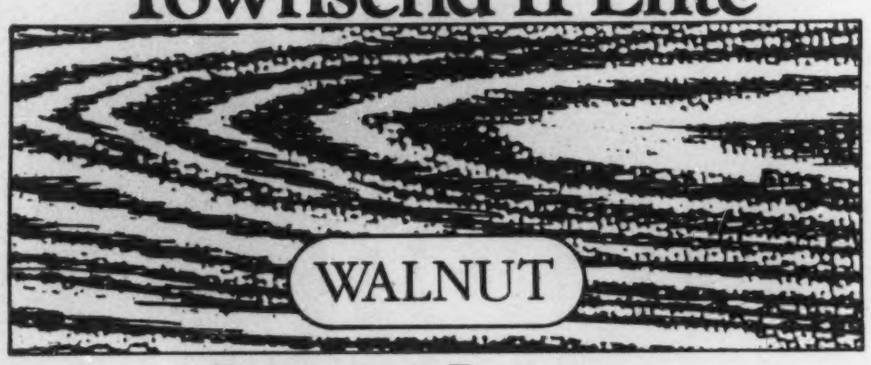

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LUMBER REPORT

Study: Retailers and distributors weak link for treated wood info

By Milford Prewitt
NHCN staff editor

NATIONAL REPORT — Retailers and lumber distributors emerged as the weak link in a vigorous voluntary effort by treated wood manufacturers who agreed to distribute consumer information sheets to the public about the chemicals used to make pressure treated lumber and plywood.

The pressure treated wood industry had been abiding by a year-old agreement with the Environmental Protection Agency (EPA) to distribute separate information sheets on the chemicals they use to make their products impervious to water, insects, fire and decay.

The Consumer Awareness Program (CAP), which began in September of 1985 and ended a year later, was followed-up with an audit by an neutral survey agency that conducted an industrywide study to determine the penetration of the sheets in the marketplace. Findings of the survey were submitted to the EPA in November to help the agency decide if the industry could distribute the chemical awareness sheets voluntarily or if the producers would be forced to do it.

According to George K. Eliades, president of the Society of American Wood Preservers, the audit proved to be encouraging from the producer and treater aspects, but was less so when retail and wholesale participation was tallied.

From a study that was nationally projectable, Eliades said 100% of the formulators knew about the EPA agreement and 94% participated in the distribution of the sheets. For treaters, 100% of them knew about CAP and 97% participated. But on the retail/wholesale front, Eliades said only 81% new about the program and 70% participated.

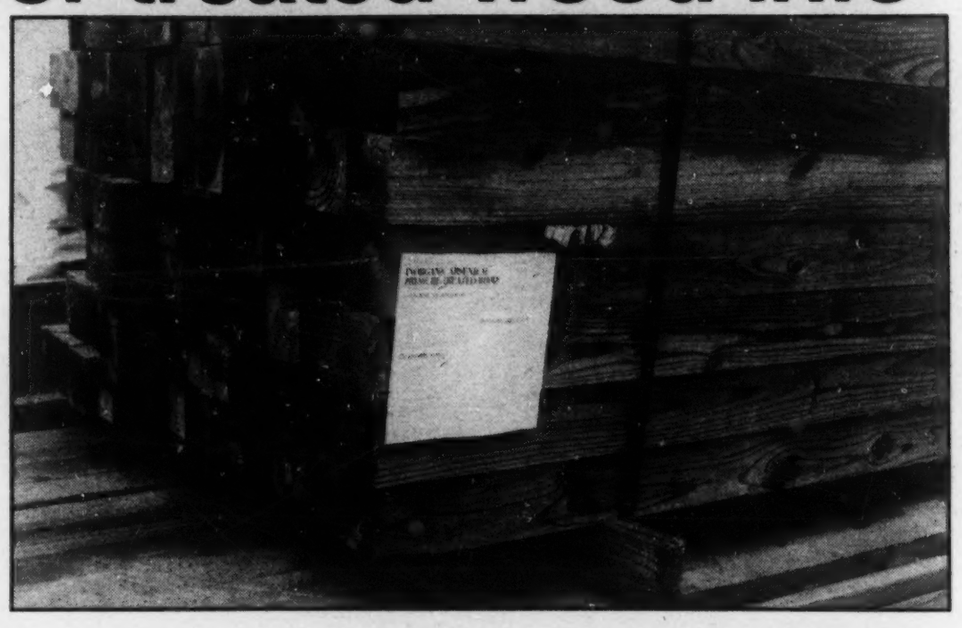
Eliades said the industry had been looking for a 100% awareness level by the retail and wholesale communities.

Despite the performance among dealers and distributors, Eliades called the audit an "overwhelming success," but noted that the EPA has the final review.

"Obviously, we've still got a lot of work to do with the dealers and the wholesalers," Eliades said. "There's still nearly one-fifth of the retailers and the distributors who did not know about the program and did not participate.

"They really should because it is in their own best interest."

The industry was forced to create the CAP as a result of the Toxic Substances Control Act of 1976 and the Federal Insecticide, Fungicide and Rodenticide Act which, at one time, sought to eliminate from the environment the three key chemicals wood treaters use, namely, inorganic arsenicals, creosote and pentachlorophenol, and chromated copper asenate (CCA).



Bundles of stockade fencing and decking materials at Home Depot's Duluth, Ga., unit prominently display consumer information sheets identifying the chemicals used to treat the lumber. NHCN photo

If the EPA's initial ban had become law, Eliades and other industry insiders estimate that 70% of the wood treating industry would have been forced out of business.

Industry groups and manufacturers sued to stop the EPA from banning the chemcials and financed a $1.5 million battery of scientific and medical studies to rebuff EPA contentions that the substances the industry used were toxic and dangerous.

In an out-of-court settlement, the manufacturers agreed to the CAP approach, operating under the stern threat that if the program fails the EPA will force the industry to comply with a stricter method. Eliades said the tougher method would mean stamping every piece of lumber and plywood with the identities of the chemicals used to treat them—a process that would increase operating costs substantially.

"It will be like buying a pack of cigarettes," Eliades said.

The way the CAP program currently works is that treated wood producers distribute sheets or placards that wholesalers and retailers pass on to their customers. In the case of retailers, lumber bins and departments that carry the products must prominently display the sheets.

Each sheet, the text of which fills a 8½ by 11-in. sheet of paper, contains safety-oriented information on handling and disposing pressure treated wood.

In the year since the program was enacted, retailers who participated in CAP have used a number of means to display the sheets. Some simply taped the sheets to the H-frame bins that contain decking materials and treated lumber while others have set stacks of sheets in endcaps.

But Eliades said the blanket has to be stretched wider in the retail and wholesale fields. He said he expects to meet soon with top management at Hechinger to discuss the role retailers have in the CAP and how important their participation is to the program.

"The retailers need to participate in this program because treated wood is a profit center for them," Eliades said. "And if we fail, then they won't have any treated wood to sell. "It's no reason for them not to do it."

Eliades said that the manufacturers were surprised that the industry had to undertake the production and distribution of the consumer information sheets in the first place. He said since the technique of pressure treating wood was developed, there is no record of anyone ever dying or becoming ill from the working with treated lumber.

He said the sheets contain basic, common sense information, such as washing hands, wearing eye protection and cleaning up the work area afterwards.

Eliades said the industry has yet to hear from the EPA about the audit.

New production studies by the Wood Preservers Institute—an association that represents 70% of manufacturers—tend to show that pressure treated wood producers have been increasing their output consecutively for the past five years.

Treated lumber production has nearly tripled since 1980 from 1.1 billion board feet to 2.8 billion board feet in 1986. The amount of increase in pressure treated plywood grew likewise from 19.2 billion sq. ft. in 1980 to 55 billion sq. ft. last year.

OSB, waferboard gain on veneer

NATIONAL REPORT — Predictions that oriented strand board (OSB) and waferboard will gain more ground against veneer are getting truer with each passing year.

According to recent 1987 production forecasts compiled by *Random Lengths*, nonveneer producers will add more than 1.5 billion square feet on a 3/8-inch basis by mid-1988. This is in addition to the 400 million square feet of capacity added just in the second half of 1986.

If all the planned new plants and mill improvements are completed, capacity will increase to 7.3 billion square feet, a little more than one-fourth of all structural panel production.

Perspectives

cover story

Survey reveals scope of labor shortage crisis

By an NHCN staff editor

NATIONAL REPORT — Labor shortages constitute a particularly severe operating problem for retailers, one that impacts profit, customer satisfaction and company morale, according to a survey released by the National Retail Merchants Association (NRMA).

The survey, entitled, "A Review of Demographic Developments and Labor Forecasts in Retailing Through 1995," was prepared for NRMA by Oscar Ornati, professor of Manpower Management at New York University's Graduate School of Business.

Released last summer, the survey revealed that 85% of specialty chain respondents said labor shortages were a problem and nearly half said profit and morale were affected by it.

The survey included responses from department store retailers, mass merchandisers, specialty store operators and specialty chain executives, plus a category called "other."

The outcome for each group was similar.

In a large part, the labor shortages are a function of declining birth rates, providing the industry with fewer young workers, the driving force in retail operations.

Another factor contributing to the retail labor shortages is the increasing number of women in the work force opting for more professional jobs, said Samuel M. Ehrenhalt, regional commissioner of the Labor Department, Bureau of Labor Statistics.

Ornati reported that the 16-24 age population is declining by about 500,000 a year. By 1995, the U.S. Department of Labor is estimating that the population of this age group will decline by 23% to 20 million, from 26 million in 1980.

At the same time, noted Ehrenhalt, middle-aged workers, aged 30-49, are projected to account for all the net growth in the nation's labor force through 1995. "The middle aged will be the prime target group for employers to attract in meeting their requirements for workers in the coming years," he said.

Overcoming or minimizing labor shortages boils down to retailers finding "novel" approaches to recruiting new workers and retaining existing ones, Ornati concluded.

Ehrenhalt also suggests retailers seek older workers to fill their jobs and offer all employees long-term career paths.

Currently, retailers are trying as best they can to staff their stores. However, respondents in the inner cities of Atlanta, Boston, Los Angeles, San Francisco and Washington appear to be having the most difficulty, according to the survey.

Nine out of 10 specialty chain respondents said evening and weekend help were hard to come by and all the respondents said paying $4 an hour or less and finding under 18-year-old employees were the worst obstacles for them.

In terms of hiring problems, low wages was listed as a dilemma by all respondents of companies with sales below $5 million; lack of work experience was the main problem for retailers with sales between $5 million and $25 million; and poor wages coupled with a variety of other reasons were named as the problem areas for companies with receipts between $25 million and $100 million.

For companies with sales greater than $1 billion, poor wages and commuting problems were noted recruiting blocks.

Despite the problems retailers are having recruiting employees, they still use traditional recruiting methods. They rely almost extensively on "walk-ins" to provide them with potential employees, the survey revealed. Specialty chain retailers rely on this method most heavily, with 92% of the respondents answering this way.

More than six out of 10 survey respondants said they use classified ads to find new employees. None of the people surveyed said they used state agencies to help them find new workers.

But 39% of the surveyed retailers said they use local schools to find workers, and 23% said they use local clubs for assistance in recruiting.

Reasons for Recruiting Difficulty

	Department Stores	Specialty Stores	Specialty Chains
Lack of work experience	13%	27%	23%
Personal image	60	46	62
Inadequate skills	30	27	31
Poor wages	77	36	69
Commuting	31	10	31

Source: NRMA survey

Specialty chain retailers reported that labor shortages pose a recruiting problem and listed personal image and poor wages as the two areas of greatest difficulty.

Home center wage rate tops other retail sectors

By an NHCN staff editor

NATIONAL REPORT — Home improvement employees enjoy an environment of low unemployment and relatively high wages compared to other retail careers, according to information available at the U.S. Commerce Department, Bureau of Labor Statistics.

"It seems to be a little more stable than overall retail trade," said Rick Devens, economist with the Bureau.

The jobless rate for lumber and building materials outlets was 5% during the third quarter of 1986—the most recent figures available—compared to 7.5% for all of retail and 6.7% nationally in December, the Bureau reported.

And despite the fact that minimum wage is $3.35 an hour, wages for home improvement workers far exceeded that, by more than $3 an hour on average. Earnings, however, grew slowly for these workers between 1983 and 1986.

According to the Bureau of Labor Statistics, the average home improvement worker earned $6.55 an hour last year, up from $6.43 in 1985. In 1983, that same worker earned $6.07 an hour.

The highest paid workers, according to the Bureau, were those employed in companies identified as lumber and other building material outlets. These workers earned $7.10 an hour last year for a 38-hour work week, just 16 cents an hour more in 1986 than they earned in 1985 and 62 cents an hour more than in 1983.

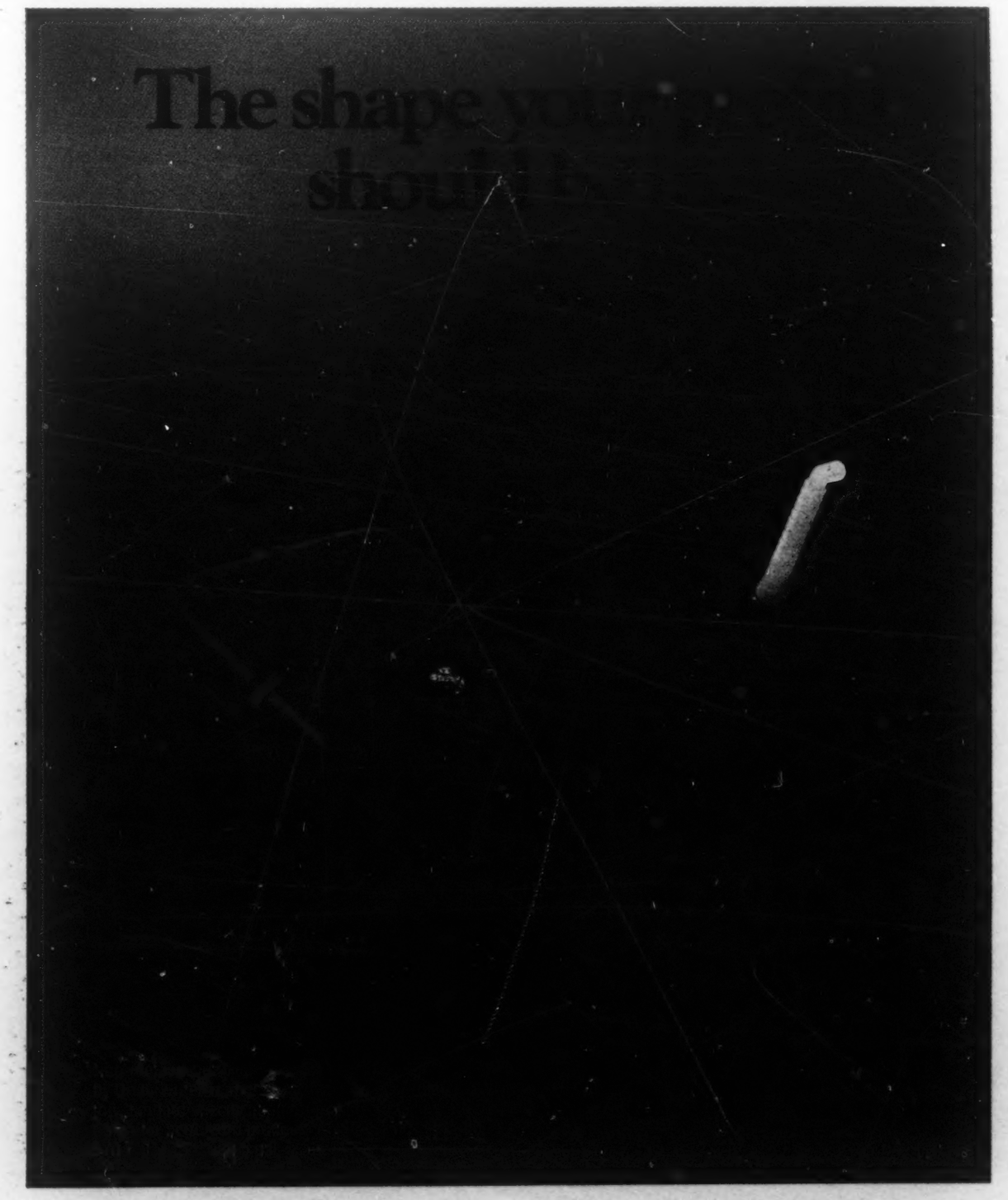
The lowest paid home improvement workers were employed by hardware stores. They earned $5.75 an hour last year, up from $5.68 the year before, for a 33-hour week. Four years ago, hourly hardware store employees earned $5.49 an hour, the Bureau reported.

Employees working for building materials and garden supplies units—which employs the largest number of workers, 690,000 people last year—earned $6.80 a hour in 1986, up from $6.60 in 1985, for a 36.5-hour work week, the Bureau of Labor Statistics reported.

Lumber and other building materials companies employed 375,000 workers last year, and hardware stores employed 155,000 workers.

What Store Management Can Do About The Labor Shortage:

- Focus on hiring people at least 19 years old. The difference in one year will significantly reduce turnover rates, absenteeism and lateness.
- Develop training programs to modify the attitudinal problems of some youth.
- Consider recent retirees whose experience make them good part-time employees.
- Experiment with employing the mildly disabled.
- Reach out to "stay-at-home" mothers through child care programs.
- Expand incentive pay systems and experiment with performance bonuses.
- Establish permanent relationships with community employment institutions, and develop "adopt-a-school" programs.



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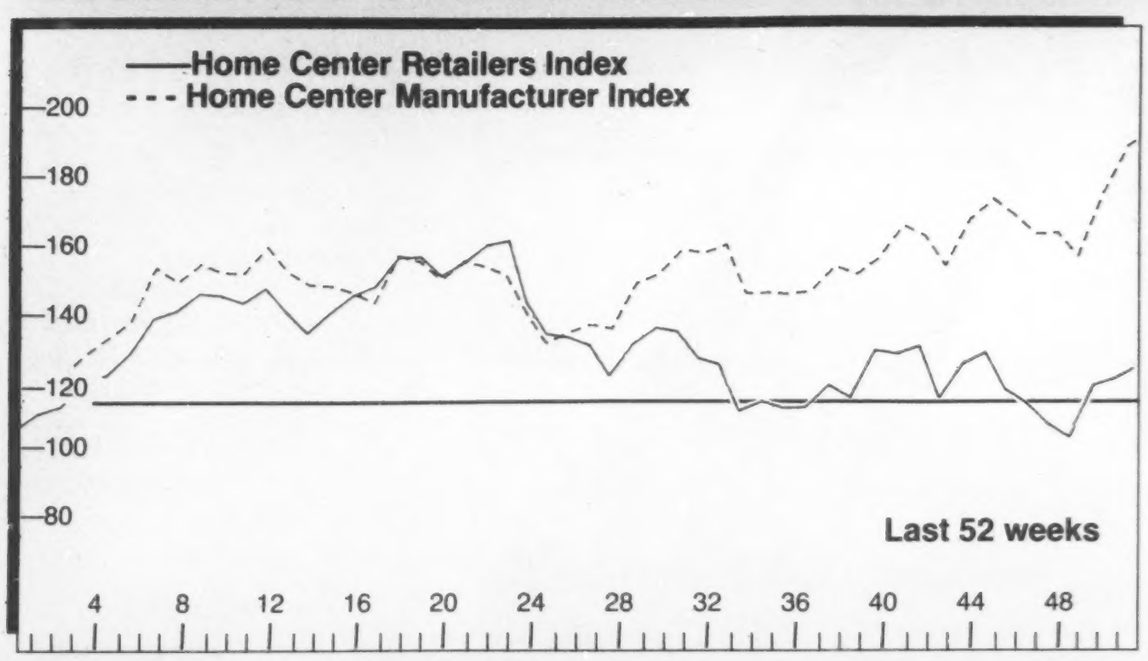
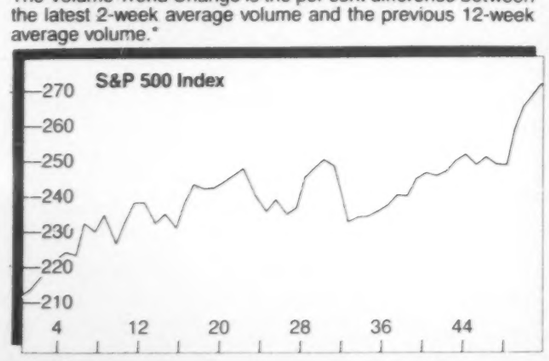


The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on Feb. 1, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

Most Active Stocks

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
2-06-87	(100)	%	%
SW Forest Ind ..... N	76,424	604.2	34.2
Macmillan Bloedel ..... M	4,380	487.5	17.1
Insilco Corp ..... N	16,581	307.7	9.7
Pay N Pak ..... N	6,587	297.0	2.1
Home Depot ..... N	20,499	267.9	17.9
Thos Inds ..... N	2,668	258.7	10.0
Potlatch Cp ..... N	5,779	253.7	7.6
Black & Decker ..... N	53,431	249.8	7.3
Genova ..... M	275	227.3	5.1
Natl Lumber ..... M	968	224.5	29.4

The Volume Trend Change is the per cent difference between the latest 2-week average volume and the previous 12-week average volume.*



Price Movement

Company & Market	2-Weeks Ended 2-06-87	2-Week Price Change	Total 2-Week Volume
Winners	$	%	(100)
SW Forest Ind ..... N	30.88	34.2	76,424
Natl Lumber ..... M	5.50	29.4	968
Home Depot ..... N	23.88	17.9	20,499
Armstrng Wrld ..... N	38.25	17.2	13,076
Macmillan Bloedel ..... M	44.50	17.1	4,380
Zayre Corp ..... N	29.13	16.5	46,773
Ply-Gem ..... A	16.00	15.3	4,963
Pope & Talbot ..... N	39.00	13.9	5,401
Scotty's Inc ..... N	14.25	12.9	3,308
Owens Corn ..... N	21.00	12.8	46,697
Losers	$	%	(100)
Mich General ..... A	1.25	- 9.1	2,068
Wickes Cos ..... A	4.00	- 5.9	88,302
Am Woodmark ..... M	14.13	- 4.2	457
Waxman Ind ..... M	10.63	- 3.4	2,501
Lewis Palmer ..... M	7.75	- 3.1	1,005
Mor-Flo Inds ..... M	13.75	- 1.8	59
USG Corp ..... N	41.00	- 1.8	16,585
Color Tile ..... M	30.00	- 1.2	6
Manville Cp ..... N	2.00	.0	8,301
Svc Merchandise ..... M	7.88	.0	38,742

National Home Center News®

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 2-06-87	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Color Tile ..... M	30.00	- .38	- 1.2	32.50	30.00	33.00	19.75	6	.01	.10	- 90.0	19.0	.00	.0	.....	fiscal	06-86	107.0	9.4	4.9	22.5	.52	18.2	387.1	11.5	14.9	12.0	1.58	9.0
Forest City Ent ..... A	38.50	3.00	8.5	39.38	35.50	39.38	22.00	229	.29	.16	81.3	24.1	.30	.8	.....	9 mos.	10-86	62.4	- 14.3	4.0	NC	.50	NC	193.7	- 3.2	10.6	194.4	1.33	195.6
Grace W R ..... N	54.00	.88	1.6	55.50	51.50	60.75	45.25	34,037	8.19	2.95	177.6	18.4	2.80	5.2	.....	9 mos.	09-86	1321.2	- 24.9	4.4	- 82.6	.10	- 75.6	3982.2	- 24.1	87.7	- 14.2	2.08	6.1
Hechinger A ..... M	20.25	1.00	5.2	20.50	18.50	23.59	16.00	4,072	3.73	1.97	89.3	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	20.00	.25	1.3	20.50	18.50	23.59	16.25	1,230	.75	.50	50.0	23.3	.06	.3	.....	9 mos.	10-86	149.1	26.0	6.3	14.5	.21	16.7	448.1	23.7	19.6	18.8	.64	14.3
Home Depot ..... N	23.88	3.63	17.9	23.88	19.63	23.88	11.88	20,499	8.13	2.21	267.9	32.3	.00	.0	.....	9 mos.	10-86	251.5	41.5	3.9	225.0	.15	275.0	737.6	48.4	16.2	189.3	.83	186.4
INTERCO Inc ..... N	42.13	3.00	7.7	42.13	38.63	47.63	35.31	19,106	6.71	2.20	205.0	13.5	1.60	3.8	.....	9 mos.	11-86	757.3	9.0	29.8	10.4	.94	9.3	1962.2	1.8	67.6	10.1	2.14	9.7
K mart Cp ..... N	52.00	4.38	9.2	52.50	46.50	57.38	36.63	65,352	5.06	2.31	119.0	22.3	1.48	2.8	.....	9 mos.	10-86	5686.3	8.9	87.3	12.8	.66	10.0	16877.7	7.7	297.3	41.1	2.24	36.6
Lowe's Cos ..... N	29.00	.25	.9	29.00	26.88	41.50	22.50	11,493	2.90	1.78	62.9	19.7	.40	1.4	.....	9 mos.	10-86	594.3	8.2	12.5	- 19.9	.31	- 26.2	1786.1	11.8	45.1	- 6.8	1.16	- 12.8
Mich General ..... A	1.25	- .13	- 9.1	1.50	1.25	5.25	1.00	2,068	1.16	.80	45.0	NE	.00	.0	.....	9 mos.	09-86	78.9	- 38.5	(2.9)	NE	(.36)	NE	290.1	- 13.5	(11.4)	NE	(1.11)	NE
Natl Hardgoods ..... M	7.88	.13	1.6	7.88	7.75	9.31	5.69	26	.21	.47	- 55.3	18.8	.00a	.0	.....	9 mos.	10-86	8.4	12.0	.1	.0	.07	- 12.5	25.8	5.3	.5	25.0	.35	20.7
Natl Lumber ..... M	5.50	1.25	29.4	6.00	4.25	7.00	4.00	968	1.72	.53	224.5	NE	.00	.0	.....	*	10-86	NC	NC	NC	NC	NC	NC	111.1	NC	(.5)	NC	(.08)	NC
Pay N Pak ..... N	12.00	.25	2.1	12.00	11.38	19.38	9.50	6,587	6.59	1.66	297.0	18.2	.40	3.3	.....	9 mos.	11-86	101.4	17.9	1.9	5.6	.19	5.6	315.2	21.6	5.3	- 23.2	.53	- 23.2
Payless Cash ..... N	21.88	1.50	7.4	22.50	19.75	27.50	15.88	9,149	2.64	1.58	67.1	17.9	.16	.7	.....	fiscal	11-86	405.6	7.2	11.0	- .9	.31	- 3.1	1527.7	10.0	42.4	11.3	1.22	8.9
Scotty's Inc ..... N	14.25	1.63	12.9	14.63	12.38	18.13	12.00	3,308	2.29	.77	197.4	17.6	.52	3.6	.....	6 mos.	12-86	125.6	4.1	2.4	- 14.3	.16	- 15.8	244.3	5.8	4.0	- 28.6	.27	- 30.8
Sears, Roebuck ..... N	45.50	.88	2.0	46.63	44.63	50.38	39.00	78,555	2.10	1.12	87.5	12.4	1.76	3.9	.....	9 mos.	09-86	11171.3	11.2	328.1	25.1	.88	23.9	31311.8	9.3	808.3	7.6	2.17	6.9
Svc Merchandise ..... M	7.88	.00	.0	8.00	7.63	15.00	7.38	38,742	11.63	4.77	143.8	NE	.08	1.0	.....	9 mos.	09-86	329.5	- 37.6	(30.3)	NE	(.92)	NE	1413.2	- .5	(68.8)	NE	(2.07)	NE
Std Brd Prt ..... N	22.50	1.00	4.7	22.75	21.00	27.00	19.38	4,663	4.12	1.63	152.8	18.3	.58	2.6	.....	9 mos.	10-86	85.9	- 4.6	4.2	5.0	.38	8.6	252.9	- 5.1	12.3	- 13.4	1.09	- 13.5
Supermkts Gen ..... N	30.00	1.25	4.3	30.25	28.25	32.25	22.50	12,299	3.19	1.78	79.2	17.6	.28	.9	.....	9 mos.	10-86	1374.7	8.8	9.6	- 60.3	.24	- 29.4	4073.4	8.2	41.8	- .7	1.10	- 6.8
Wickes Cos ..... A	4.00	- .25	- 5.9	4.38	3.75	7.00	3.25	88,302	3.72	1.93	92.7	10.8	.00	.0	.....	9 mos.	10-86	1254.8	- 14.5	33.0	114.3	.15	200.0	3361.7	11.6	69.5	252.8	.30	650.0
Wolohan Lumber ..... M	10.38	.38	3.8	10.88	9.50	10.75	5.88	2,552	4.36	1.55	181.3	12.5	.20	1.9	.....	9 mos.	09-86	58.7	25.4	1.9	58.3	.33	65.0	141.9	25.2	3.6	63.6	.61	60.5
Zayre Corp ..... N	29.13	4.13	16.5	29.25	24.00	43.88	20.75	46,773	7.93	2.54	212.2	20.4	.32	1.1	.....	9 mos.	10-86	1316.4	30.5	22.9	- 15.2	.38	- 17.4	3573.6	32.6	48.6	- 16.5	.81	- 19.0
Wholesalers																													
Lewis Palmer ..... M	7.75	- .25	- 3.1	8.25	7.63	9.88	7.25	1,005	2.56	1.71	49.7	24.2	.28	3.6	.....	9 mos.	10-86	60.0	50.4	.7	16.7	.17	6.3	140.4	27.2	1.2	50.0	.31	40.9
Stanline Inc ..... M	9.63	.38	4.1	10.00	8.50	12.13	7.84	228	1.34	.65	106.2	10.5	.32b	3.3	.....	fiscal	10-86	15.9	14.4	.4	.0	.31	40.9	59.7	7.8	1.5	15.4	.92	3.4
Manufacturers																													
Allegheny Int ..... N	14.13	.88	6.6	14.25	13.25	25.25	11.38	2,520	2.34	2.07	13.0	NE	.00	.0	.....	9 mos.	09-86	438.0	- 14.1	(9.7)	NE	(1.60)	NE	1350.9	- 10.7	.6	NE	(2.04)	NE
Am Standard ..... N	46.50	.50	1.1	46.63	42.75	48.00	36.00	9,781	2.94	1.44	104.2	8.8	1.60	3.4	NEW	fiscal	12-86	769.7	- .6	33.0	- 9.1	1.00	8.7	2997.7	2.9	193.2	58.2	5.28	70.3
Am Woodmark ..... M	14.13	- .63	- 4.2	14.75	14.00	14.75	10.00	457	.66	.70	- 5.7	13.0	.00	.0	.....	6 mos.	10-86	31.9	31.3	2.3	109.1	.33	50.0	60.3	24.1	4.1	86.4	.63	43.2
Armstrng Wrld ..... N	38.25	5.63	17.2	38.63	31.50	38.63	23.06	13,076	2.71	1.44	88.2	15.1	.84	2.2	NEW	fiscal	12-86	496.4	16.5	30.1	33.2	.63	34.0	1920.3	14.4	122.4	21.3	2.54	21.0
Black & Decker ..... N	20.13	1.38	7.3	20.75	18.38	25.25	14.50	53,431	9.20	2.63	249.8	43.8	.40	2.0	NEW	3 mos.	12-86	529.0	1.4	22.4	7.2	.38	- 7.3	529.0	1.4	22.4	7.2	.38	- 7.3
Boise Cascade ..... N	79.25	3.25	4.3	80.50	74.25	80.50	47.75	20,107	6.89	2.42	184.7	23.9	1.90	2.4	NEW	fiscal	12-86	969.3	8.6	31.9	67.9	1.04	70.5	3790.5	1.4	101.5	- 2.7	3.32	- 3.8
Certain-teed ..... N	38.25	3.50	10.1	38.50	34.50	38.50	24.63	2,706	1.43	.67	113.4	12.7	.90	2.4	NEW	fiscal	12-86	268.6	2.6	10.7	2.9	.57	3.6	1114.2	.4	57.3	7.3	3.02	10.6
Champ Intl ..... N	37.63	.75	2.0	39.63	36.50	39.63	22.50	45,189	4.80	2.76	73.9	18.1	.52	1.4	.....	fiscal	12-86	1058.0	- 11.4	64.5	69.3	.69	86.5	4387.6	- 24.0	200.8	23.1	2.08	30.8
DeSoto Inc ..... N	43.50	1.13	2.7	43.75	41.25	43.75	34.25	687	1.43	.63	127.0	53.0	1.40	3.2	NEW	fiscal	12-86	77.8	3.0	.4	- 86.2	.09	- 85.0	413.8	2.0	3.9	- 72.5	.82	- 72.4
Emhart Corp ..... N	40.25	3.25	8.8	40.63	35.63	42.63	30.75	4,590	1.48	1.07	38.3	NE	1.40	3.5	.....	9 mos.	09-86	472.6	12.2	(71.2)	- 100.0	(2.30)	- 100.0	1510.1	17.0	(33.4)	- 100.0	(.98)	- 100.0
Genova ..... M	5.13	.25	5.1	5.19	5.00	5.63	4.38	275	.72	.22	227.3	11.9	.10	2.0	.....	fiscal	09-86	15.9	15.2	.7	.0	.19	- 5.0	51.8	4.2	1.6	6.7	.43	7.5
Georgia-Pacific ..... N	47.13	1.38	3.0	48.25	44.25	48.25	27.25	40,192	3.87	2.00	93.5	17.5	1.00	2.1	NEW	fiscal	12-86	1781.0	12.0	83.0	2666.7	.75	NE	7223.0	7.5	296.0	67.2	2.69	74.7
Insilco Corp ..... N	24.60	2.13	9.7	25.50	21.13	25.50	17.38	16,581	7.99	1.96	307.7	15.2	1.00b	4.2	.....	fiscal	12-86	172.2	- 1.4	8.0	122.2	.44	175.0	745.1	- 8.2	33.3	27.6	1.58	21.5
La Pacific ..... N	38.50	3.88	11.2	39.63	33.88	39.63	22.75	24,716	6.71	2.09	221.1	21.8	.80b	2.1	NEW	fiscal	12-86	382.2	22.3	16.8	147.1	.46	142.1	1506.2	19.5	64.9	154.5	1.77	152.9
Macmillan Bloedel ..... M	44.50	6.50	17.1	45.50	39.63	45.13	18.25	4,380	1.41	.24	487.5	NA	.75	NA	.....	9 mos.	09-86	657.6	10.1	31.7	182.0	.74	311.1	1998.5	13.6	110.0	388.9	2.73	2630.0
Manville Cp ..... N	2.00	.00	.0	2.00	1.88	8.88	1.63	8,301	3.46	2.55	35.7	.8	.00	.0	.....	9 mos.	09-86	511.1	8.4	26.7	NE	.85	NE	1457.2	3.7	63.9	NE	1.88	NE
Masco Corp ..... N	36.50	4.00	12.3	36.75	31.75	36.75	22.38	24,558	1.90	1.02	86.3	19.6	.36	1.0	.....	9 mos.	09-86	367.0	NC	51.3	NE	.40	NE	1002.0	123.1	148.0	537.9	1.15	101.8
Mor-Flo Inds ..... M	13.75	- .25	- 1.8	14.00	13.75	19.25	12.00	59	.23	.22	4.5	15.3	.01	.1	.....	9 mos.	09-86	47.2	.4	.3	.0	.10	- 9.1	147.9	- 3.3	1.8	- 51.4	.70	- 51.7
Newell Co ..... N	31.50	1.75	5.9	31.50	29.13	36.75	24.00	2,535	2.21	1.15	92.2	14.5	.84	2.7	NEW	fiscal	12-86	105.5	9.2	7.4	34.5	.63	3.3	401.4	14.7	24.0	27.0	2.17	3.8
Owens Corn ..... N	21.00	2.38	12.8	21.00	17.63	21.00	8.88	46,697	12.46	8.24	51.2	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ply-Gem ..... A	16.00	2.13	15.3	16.13	13.75	16.13	10.00	4,963	6.18	2.09	195.7	18.4	.12	.8	___	9 mos.	09-86	59.2	49.9	1.6	45.5	.16	.0	168.9	37.3	6.0	93.5	.72	41.2
Pope & Talbot ..... N	39.00	4.75	13.9	40.00	32.63	40.00	17.75	5,401	9.00	3.52	155.7	14.8	.88	2.3	NEW	fiscal	12-86	90.6	- 18.8	8.4	1300.0	1.40	1300.0	288.1	- 11.1	15.8	135.8	2.63	136.9
Potlatch Cp ..... N	74.00	5.25	7.6	75.50	66.00	75.50	37.25	5,779	4.35	1.23	253.7	14.9	1.88	2.3	NEW	fiscal	12-86	243.3	7.0	20.2	358.1	1.45	457.7	976.4	2.7	70.0	85.7	4.98	127.4
Sherwin-Wms ..... N	33.25	.88	2.7	34.25	32.63	35.13	22.75	8,196	1.82	1.60	13.8	14.4	.50	1.5	NEW	fiscal	12-86	350.5	- 32.3	36.3	221.2	.81	237.5	1552.9	- 28.2	106.0	42.1	2.31	42.6
SW Forest Ind ..... N	30.88	7.88	34.2	31.50	22.75	31.50	11.88	76,424	62.25	8.84	604.2	NM	.00	.0	NEW	fiscal	12-86	169.9	.4	15.1	NE	1.06	NE	631.5	- 9.8	7.2	NE	.17	NE
Stanley Works ..... N	31.88	.13	.4	33.38	30.63	33.50	23.19	7,317	1.75	.90	94.4	16.4	.76	2.4	.....	9 mos.	09-86	388.3	30.7	20.1	3.6	.48	2.1	1115.1	25.9	55.3	5.1	1.32	3.1
Thos Inds ..... N	20.63	1.88	10.0	21.75	18.13	24.31	15.50	2,668	2.69	.75	258.7	14.8	.62b	3.0	.....	9 mos.	09-86	72.7	- 8.1	2.1	- 57.1	.22	- 56.9	220.6	- 4.9	9.6	- 20.0	.97	- 21.1
USG Corp ..... N	41.00	- .75	- 1.8	42.75	40.63	46.50	26.88	16,585	2.61	2.14	22.0	11.6	1.12	2.7	NEW	fiscal	12-86	695.1	9.4	56.4	4.6	.93	13.4	2723.7	7.8	225.4	.7	3.54	5.4
Walter, Jim ..... N	53.00	1.63	3.2	55.00	51.13	55.00	35.50	9,984	3.15	1.51	108.6	11.4	1.40	2.6	.....	3 mos.	11-86	595.9	6.0	37.9	19.6	1.17	.9	595.9	6.0	37.9	19.6	1.17	.9
Waxman Ind ..... M	10.63	- .38	- 3.4	10.88	9.88	11.00	6.03	2,501	7.95	3.52	125.9	11.1	.08	.8	.....	3 mos.	09-86	26.7	24.2	.8	33.3	.24	33.3	26.7	24.2	.8	33.3	.24	33.3
Weyerhaeuser ..... N	47.50	.75	1.6	50.13	45.75	50.13	30.50	50,432	3.87	1.88	105.9	24.9	1.30	2.7	NEW	fiscal	12-86	1450.6	17.2	96.1	51.1	.70	62.8	5652.0	8.6	276.7	38.3	1.91	44.7

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

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RTA furniture, displayed in a home-like setting, forms one of several "quadrants" in 16 Lindsley Home Decorating Centers, stories about which begin on p. 86.

Dealers carve up $158 mil. in plywood suit settlement

By Milford Prewitt
NHCN staff editor

PHILADELPHIA — After 19 years, it's finally over.

Some 23,000 building material retailers and wholesalers have received $158 million in payments from an out-of-court settlement fund, established in an antitrust, class action suit against three major plywood manufacturers for price fixing.

Checks ranging from hundreds to millions of dollars were sent out Feb. 9, under the administration of the Philadelphia law office of Kohn, Savett, Marion & Graf, thus ending one of the longest class action suits in history.

"It doesn't get any longer than this," observed Wayne Thomas, one of the claimants' lawyers in Philadelphia.

Thomas said the largest payment was $6.5 million to Wickes Lumber, a figure that Les Hagen, president of Wickes Lumber, would neither confirm nor deny.

Several other firms received checks in excess of a million dollars as well. Among them was the Lowe's Companies, whose vp of finance Harry B. Underwood indicated that the firm received "several million dollars, but less than that Wickes amount." Underwood would not disclose the actual amount until the company's quarterly performance is released.

Attorney Thomas said there were more than 70 companies that received checks in excess of $250,000, but he noted that the majority of the checks were in the "four to five figure range."

Checks totaling $18 million have not yet been sent to another 7,000 companies that have not completed all the required paperwork.

The payments represent the final chapter in a lawsuit that began in 1968 when a

(Continued on page 189)

Parent's debt pinches cash flow at Diamond

By Gary S. Ruderman
NHCN staff editor

CARROLTON, Tex. — For the second time in as many years, Diamond Lumber has survived a credit pinch that resulted from the cash requirements of its parent company, Michigan General.

A Dec. 1, 1986, interest payment of $6 million by Michigan General to Manufacturers Hanover Bank in New York channeled money Diamond would normally be using for inventory purchases to servicing its parent's debt, according to Diamond president Harlon Seats.

In an attempt to reduce its

(Continued on page 190)

Palmer G. Lewis trims staff, selection to stay competitive

By Brad Altman
NHCN staff editor

AUBURN, Wash. — Palmer G. Lewis, the western building materials wholesaler, is trimming its product selection and the size of its staff at the same time it assimilates its recently acquired Western American Forest Products Co.

"We're trying to get into shape like our competitors already have," said chairman and ceo John N. Anderson.

The company, through

(Continued on page 189)

A native of Texas, Jim Ben Edens brings a background in lumber to his new post as president of Palmer G. Lewis Building Products division. NHCN photo

Scotty's plans move outside its home turf

By Phillip M. Perry
NHCN staff editor

WINTER HAVEN, Fla. — Scotty's has announced plans for its long-awaited foray beyond its traditional Florida boundaries and has reached an agreement for the previously announced sale of its manufacturing plant.

The company said it would build three stores in Mobile, Ala. They are scheduled to open between the first of July and mid-August if the weather cooperates.

Scotty's said it would also open a unit in Macon, Ga., in June or July. Another is scheduled for Savannah, Ga.,

(Continued on page 189)

Home center owners optimistic for '87 after early results

By an NHCN staff editor

NATIONAL REPORT — Let the good times roll.

That's the message emanating from most of the home center industry today. For the past six months, both consumer and contractor business has returned with fervor to many stores.

Some operators are surprised by the strength of their sales, given eroding consumer confidence. And in regions where sales have lagged, retailers say the economy dictates caution.

Still, while most home center chains have not yet announced year-end revenues and earnings, some interim reports provide reason for confidence.

January same-store sales increases came to 11% for Hechinger, 10% for Pay 'N Pak, 7% for Scotty's and 19.1% for National Hardgoods Distributors. Home Depot reported an 8% same-store sales increase for its quarter ended January.

"Our business momentum is good, and we are feeling good about the rest of the year," said John Hechinger Jr., president of Hechinger, Landover, Md.

Other companies reporting strong sales through the opening weeks of this year included Home Quarters Warehouse, Anderson Lumber, National Lumber, Wolohan Lumber, Westlake Ace Hardware, Stambaugh Thompson, Lloyd Home & Building Centers and Builderama.

With few exceptions, these

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INSIDE

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Ernst signs exclusive Mr. Build service pact 34

Broadway refines niche with second store 75

Lumber One showroom takes upscale upstairs 75

NEWSBREAKS

HOME DEPOT EYES CHATTANOOGA: The Atlanta-based chain is negotiating with Service Merchandise, Nashville, to purchase a former Mr. HOW Warehouse in the new market of Chattanooga, according to several sources close to the companies.

ACE TO PREMIER NEW LOGO: Ace Hardware Corp., Oak Brook, Ill., will premier its first systemwide logo change since 1928 at a dealers meeting April 30 in St. Louis. Private label changes are under consideration.

Home Depot's prototype store in El Cajon, Calif. NHCN photo

Builders Square faces off against Depot in Atlanta

By an NHCN staff editor

ATLANTA — Builders Square and Home Depot are maneuvering in preparation for their first battle here.

Builders Square is negotiating with Hooker Barnes, a real estate company, for a third warehouse home center to open in the northeastern section of this city, in the Carter Oak Crossing mall in Gwinnett County.

First challenge

Previously, Builders Square signed with Barnes for two warehouse home centers to open in the city, in the suburbs of Marietta, Georgia and Jonesboro, Georgia (*NHCN*, January 12).

Rentenbach Construction, Knoxville, said these first two stores should be ready for fixturing June 15, and are scheduled to open August. 1.

Sources close to the company said Builders Square was also planning to convert a K mart in Atlanta into a warehouse home center. Builders Square would not comment.

The moves represent the first time Home Depot, founder of the warehouse home center concept, has been challenged on its home turf by another warehouse operator.

Home Depot, which operates six stores in Atlanta, said it would open a seventh unit in Atlanta this year.

Depot has launched a drive to renovate all four of its older stores into units that more closely resemble its new prototype.

Expected to be completed by the spring, the renovations involve changing the aisles from side-to-side to front-to-back, installing new fixturing, and repositioning doubled-up registers into a single line.

Stripling Blake set to open its second unit

By an NHCN staff editor

AUSTIN, Tex. — Stripling Blake, the independent home center based here, is scheduled to open the second unit in its 46-year history March 11.

The 34,000-sq.-ft store is in southwest Austin, off Interstate 290, and represents a $4 million investment.

The store should help reduce the company's dependency on contractors.

Contractor sales now represent 80% of its business and dropped drastically with the Austin housing slump. As a result, total sales fell by 25% between 1984 and 1985 and by an additional 20% in 1986, said president Alec Beck.

The second unit is an opportunity for Stripling Blake to reverse the downward cycle and boost its DIY trade to at least 25% of its mix.

"With the new store open we hope to equal our 1986 sales," he said. Beck expects the new store to generate a minimum of $6 million in sales in 1987.

Beck reports a recent upswing in the local economy. However, the number of competitors recently increased with the arrival of Builders Square.

The San Antonio-based warehouse operation opened its first unit in northern Austin last month. It joins other home center companies including Handy Dan, with three units, Furrows, part of the Payless Cashways chain, with four stores and McCoys, the San Marcos, Tex. chain, which has five stores.

Stripling Blake remains confident that it can maintain its market niche and further its reputation for upscale builder and decorative hardware.

The new store will combine its strongest departments into one major section with its own service desk. Hardware, decorator items, fireplaces and millwork will be together. The area will be carpeted and feature displays of higher-end merchandise.

The store was designed by architect Gordon Bohmfalk of Austin.

It stocks over 35,000 sku's, and has the same product mix as the original store. However, it is more efficiently laid out and requires a staff of 45 compared with 150 employees at the other location.

The original location has outgrown its buildings and was forced to expand into storage buildings in May 1986. Here customers shop for plywood and lumber but without the benefit of air conditioning. In the new store, lumber and plywood is available on the main floor, and totally air-conditioned.

Stripling Blake will embark on a remodeling program for the orginal store in the next three months.

"We want the decor of the stores to match, so that the customer has the same feeling when walking into a Stripling Blake unit," said Beck.

In the new store, departments are clearly defined by different colors. Blue signs of hand saws carved out of styrofoam pull the customer into the tool department. The molding department is identified with beige, and the electricals department has a neon sign. The in-store signage was designed by Store Decor of Dallas.

The opening of the second unit will also strengthen Stripling Blake's position against Calcasieu Lumber, a builder-oriented company located in southeast Austin. Previously the independent was gaining trade from Stripling Blake's builder customer who chose to pick up small deliveries and items threre rather than travel back to Austin.

The company will still handle the bulk of builder deliveries from its original unit but the new store will handle small deliveries to local builders.

Highlights

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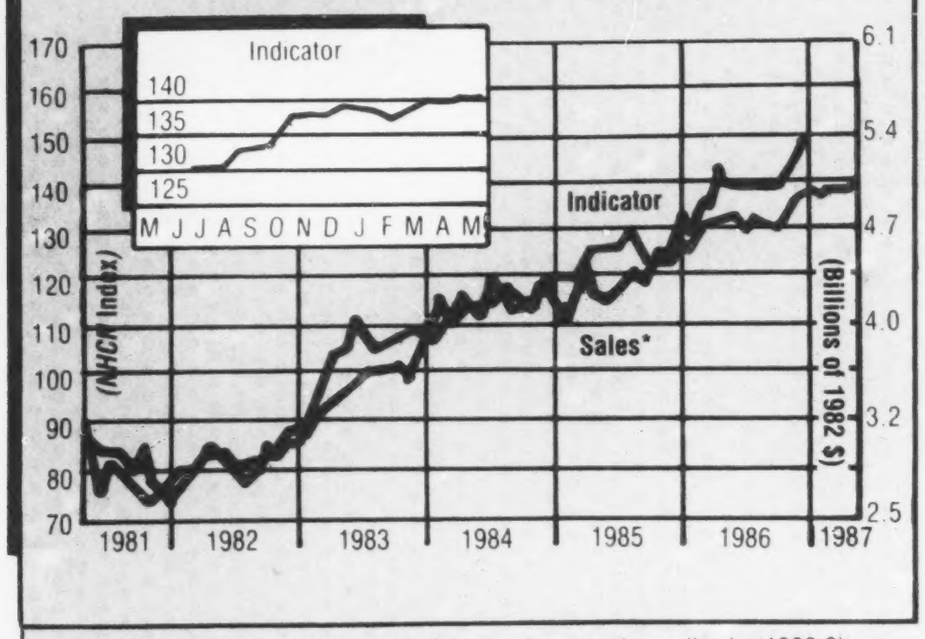
BUSINESS WATCH



*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate of future building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

The NHCN Leading Indicator is projecting an increase in building material sales during 1987. Resales were strong from September to December of 1986 (a record high), while single family housing starts will remain near 1.1 million units as interest rates decline.

Starts, home resales to sustain material sales increases in 1987

By Richard E. Mount
Special to NHCN

Our forecast of building material sales continues to call for an increase of 11% in 1987, or 6% in unit volume. While most of this advance is expected to come from the recent record upturn in resales, part of the gain will also be the result of housing starts, single units in particular. While total housing starts will slide from 1.8 million units in 1986 to 1.7 million in 1987, single units will remain strong, maintaining the demand for building material sales.

Housing Starts

Total housing starts remained strong in January at 1.8 million units, but this level will not persist in the months ahead. January weather was warmer than usual during the first two weeks, and housing starts in the Northeast and Midwest were higher than they would have been under average winter conditons.

Richard E. Mount

Starts are expected to run between 1.65 million and 1.7 million units during the four quarters of 1987, with the first half weaker than the second. Starts will be stronger in the first quarter than the second quarter, however, because of the strength in starts in January. The surge in building permits issued at the end of 1986 to beat an increase in permit prices in California will allow builders to quickly enter the market

(Continued on page 23)

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

General Business Conditions

	1985 QIV	1986 QI	1986 QII	1986 QIII	1986 QIV	1987 QI	1987 QII	1987 QIII	1985	1986	1987
NHCN Leading Sales Indicator (January 1980 = 100)	**123.4**	**124.7**	**127.9**	**132.1**	**136.5**	**138.2**	**140.0**	**142.8**	**118.5**	**130.3**	**141.0**
General Economic Outlook											
GNP $1982 Billion	**3622.3**	**3,655.9**	**3,661.4**	**3,686.4**	**3,702.4**	**3,716.7**	**3,734.0**	**3,759.9**	**3,585.2**	**3,677.5**	**3,750.7**
Real Disposable Income $1982 Bil.	2,540.7	2,581.2	2,625.8	2,605.5	2,602.3	2,623.8	2,634.9	2,649.2	2,528.0	2,603.1	2,638.5
Housing Permits (000 SAAR)	1,741	1,834	1,822	1,678	1,695	1,625	1,610	1,650	1,733	1,762	1,640
Housing Starts (000 SAAR)	1,797	1,938	1,878	1,758	1,701	1,710	1,680	1,650	1,742	1,806	1,670
New Home Sales (000 SAAR)	696	800	796	687	712	715	715	735	688	749	729
Resales (000 SAAR)	3,500	3,257	3,470	3,617	3,963	3,550	3,500	3,475	3,214	3,565	3,488
Prime Rate %	9.5	9.4	8.6	7.9	7.5	7.4	7.3	7.3	9.9	8.4	7.3
Mortgage Rate % (HUD)	11.8	10.8	10.1	10.2	9.8	9.1	8.9	9.0	12.5	10.2	9.1
Consumer Price Index (1967 = 100)	326.5	327.7	326.3	328.4	330.7	333.8	337.0	340.6	322.1	328.3	339.0
Producer Price Index (1967 = 100)	296.4	292.0	288.0	288.3	290.7	292.9	296.0	299.3	293.9	289.8	297.7
New Housing Affordability 1980-100)	120.5	128.6	129.4	126.1	127.8	131.4	133.4	132.6	117.6	128.0	132.8
Residential Alterations and Repairs											
Current **Total $ millions SAAR**	**89,200**	**91,600**	**84,253**	**87,134**	**89,892**	**92,351**	**94,849**	**97,563**	**80,267**	**88,220**	**96,295**
Maintenance and Repair	39,000	36,700	36,493	37,537	38,599	39,331	40,075	40,917	35,358	37,332	40,524
Additions and Alterations	30,500	34,300	30,775	31,762	32,766	33,787	34,825	35,880	28,775	32,401	33,383
Major Replacements	19,600	20,600	16,985	17,634	18,527	19,232	19,950	20,768	16,134	18,487	20,388
Constant **Total Millions $1977 SAAR**	**55,213**	**55,013**	**50,100**	**51,300**	**52,400**	**53,300**	**54,200**	**55,200**	**47,824**	**52,203**	**54,738**
Maintenance and Repair	24,167	22,041	21,700	22,100	22,500	22,700	22,900	23,150	21,066	22,085	23,038
Additions and Alterations	18,900	20,600	18,300	18,700	19,100	19,500	19,900	20,300	17,150	19,175	20,113
Major Replacements	12,146	12,372	10,100	10,500	10,800	11,100	11,400	11,750	9,608	10,943	11,588
Retail Trade Activity											
Current **Total $ millions SAAR**	**1,388,316**	**1,404,932**	**1,421,400**	**1,478,632**	**1,464,476**	**1,476,907**	**1,501,555**	**1,524,331**	**1,373,941**	**1,442,360**	**1,511,711**
Total Minus Automobile	1,082,244	1,095,360	1,098,912	1,112,548	1,126,508	1,135,906	1,155,924	1,177,322	1,061,148	1,108,332	1,165,114
Building Material, Hardware, Garden Supply, Mobile Home	78,024	83,904	85,316	86,540	88,560	88,558	91,222	94,163	74,062	86,080	92,737
Building Material and Supply	56,976	61,180	62,580	62,956	63,444	65,641	67,753	70,172	53,841	62,540	69,259
Hardware	11,572	11,416	11,268	11,832	11,964	12,290	12,522	12,691	11,092	11,620	12,592
Constant **Total Millions $1982 SAAR**	**1,288,244**	**1,306,567**	**1,337,991**	**1,380,017**	**1,361,037**	**1,359,000**	**1,368,000**	**1,375,000**	**1,282,772**	**1,346,403**	**1,370,250**
Total Minus Automobile	1,009,867	1,027,361	1,048,913	1,054,219	1,061,742	1,060,000	1,068,000	1,077,000	997,299	1,048,059	1,071,000
Building Material, Hardware, Garden Supply, Mobile Home	73,605	78,763	82,347	82,367	82,535	81,716	83,341	85,176	70,215	81,503	84,277
Building Material and Supply	53,749	57,422	60,401	59,924	59,128	60,570	61,900	63,475	59,219	59,219	62,936
Hardware	10,918	10,717	10,876	11,262	11,150	11,340	11,440	11,480	10,507	11,001	11,445
Building Materials % of Total Less Automobile ($Current)	5.26	5.59	5.69	5.66	5.63	5.78	5.86	5.96	5.07	5.64	5.94

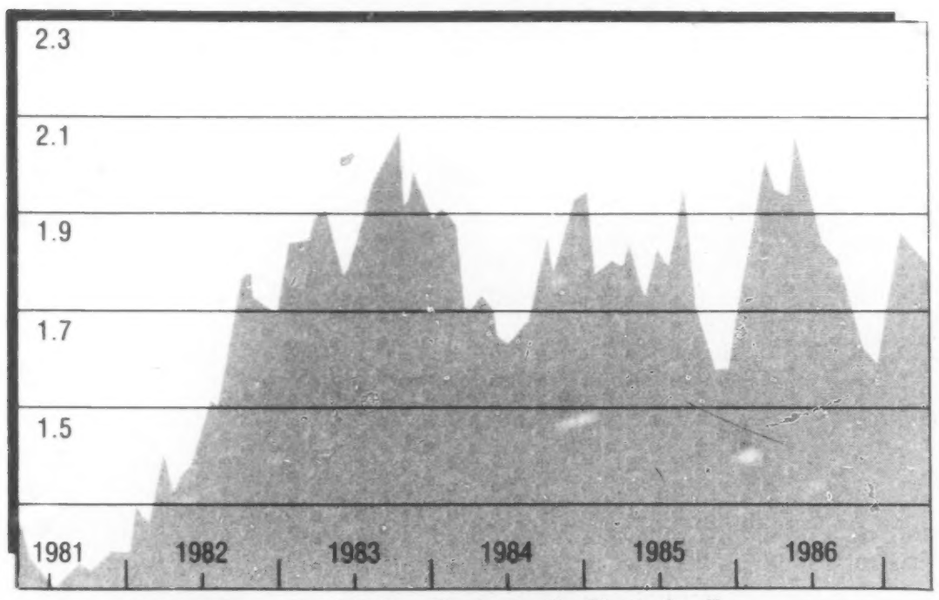
Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
February 20, 1987

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

HOUSING WATCH

National housing starts and permits
(seasonally adjusted annual rates, in millions)

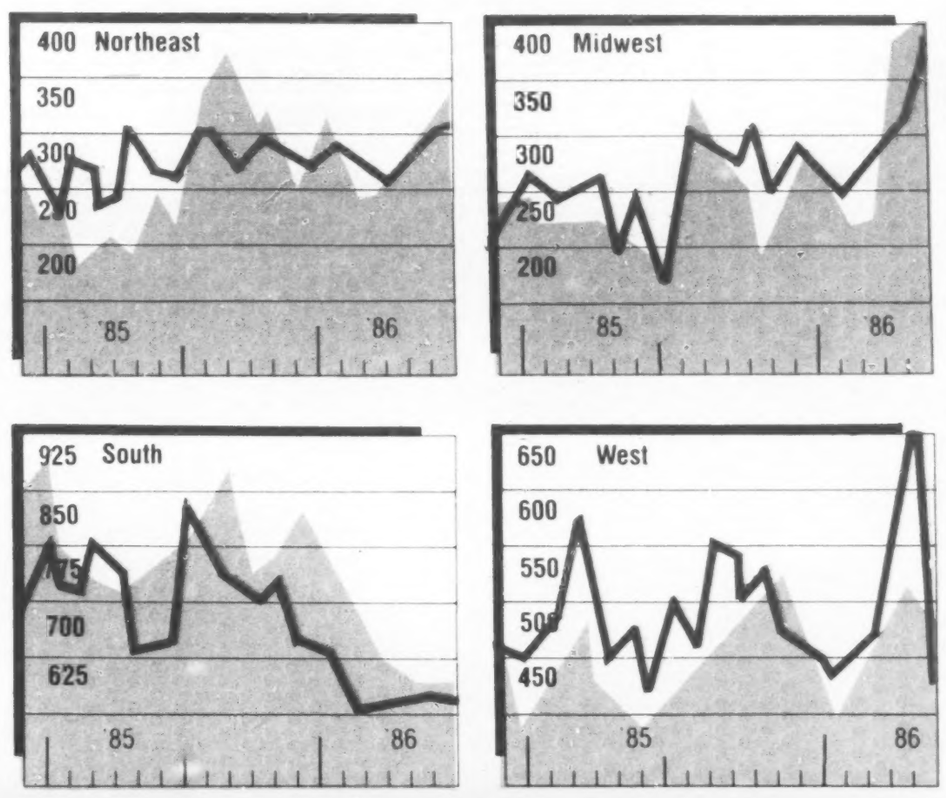


	Total U.S. starts	Total U.S. permits	Single-family starts	Single-family permits
Jan. '87	1,806	1,689	1,255	1,093
Dec. '86	1,808	1,910	1,225	1,168
Jan. '86	2,004	1,861	1,302	1,060

Source: U.S. Commerce Department

Key: Permits, Starts

Regional housing starts and permits
(in thousands)



Western permit activity drops 38% in January

By an NHCN staff editor

NATIONAL REPORT — Permit activity declined a dramatic 38% in January in the West, according to the U.S. Commerce Department.

Much of the drop is attributed to a new California law state legislators are now working to repeal, said Dale Jacobson, survey statistician. He said the law, which became effective on Jan. 1, permits local school districts to charge up to $1.50 per square foot of house on all new housing permits.

Permit levels in the 14-state region should stay down at least for the next few months due to the newly enacted law unless something unusual occurs in other western states, said Jacobson.

Because of the imminent change, Californians scrambled to file new housing permits in December, causing activity in the West to soar to an annualized 712,000 units, he noted.

Regional Housing
(in thousands)

	Jan. '87 starts	% chg.	Jan. '87 permits	% chg.
Northeast	330	+7.5	307	n.c.
West	489	−4.0	442	−38
South	583	−2.0	569	− 1
Midwest	404	+2.0	371	+17

n.c. = no change
Source: U.S. Commerce Department

Nationally, housing permits—a barometer of future activity—declined 12% in January to 1.689 million units, off 9% from last January. Single-family permits fell 6% to 1.093 million units, 3% above the January 1986 pace.

U.S. housing starts were at a steady annualized pace of 1.8 million units, unchanged from December but down 10% from January 1986, the Commerce Department reported.

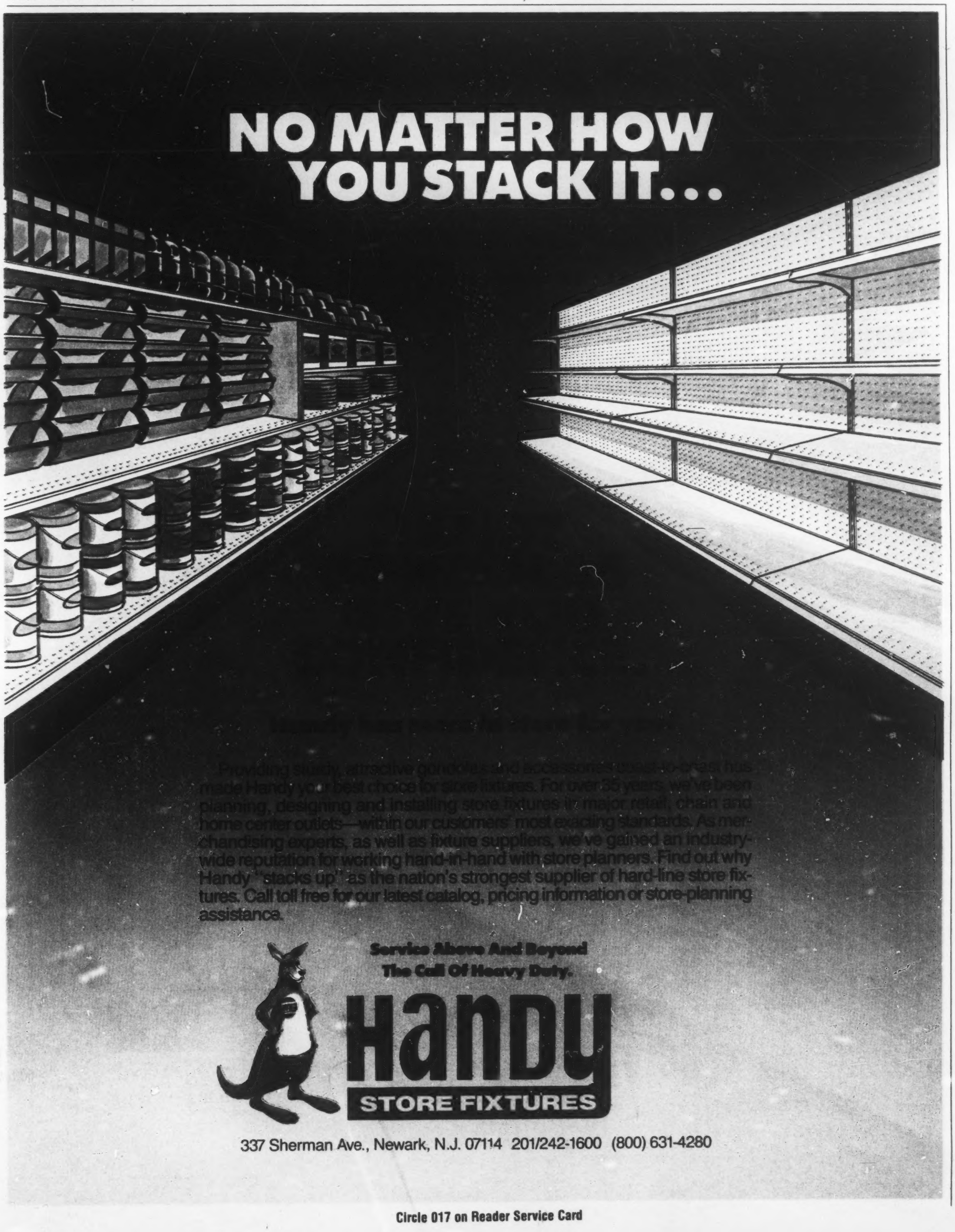
Single-family starts edged up 2% in January, to 1.255 million units, but were down 4% from January 1986.

Once again, the Northeast posted the largest monthly gain. Starts rose 7.5% to a seasonally adjusted 330,000 units, down 2% from its year-earlier pace. Permits were even with December in January but were 6% above January 1986.

Housing activity in the South continued its decline in January, falling 2% from December to 583,000 units, seasonally adjusted, down 34% from a year earlier. Permits were off 1% in January and down 26% from January 1986.

The Midwest posted the largest year-to-year gain, rising 37% above its January 1986 starts pace and up 2% from December, the Commerce Department reported.

Jacobson attributes the increase to two factors: a moderation of the severe winters of the late 1970's and early 1980's and the slow recovery from the recession of earlier this decade.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